



6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Central Valley Project, California-Oregon Transmission Project, Pacific Alternating Current Intertie, and Third-Party Transmission Service - Rate Order No. WAPA-185

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of rate order extending Sierra Nevada Region's power, transmission, and ancillary services formula rates.

SUMMARY: The Under Secretary of Energy confirms, approves, and places into effect, on an interim basis, the extension of the existing Central Valley Project power, transmission, and ancillary service; California-Oregon Transmission Project transmission; Pacific Alternating Current Intertie transmission; and third-party transmission formula rates. Western Area Power Administration (WAPA) will submit them to the Federal Energy Regulatory Commission (FERC) for confirmation and approval on a final basis. The existing formula rates are set to expire on September 30, 2019. This rate extension makes no changes to the existing formula rates and extends them through September 30, 2024.

DATES: The formula rates will be placed into effect on an interim basis on October 1, 2019.

FOR FURTHER INFORMATION CONTACT: Ms. Sonja Anderson, Regional Manager, Sierra Nevada Region, Western Area Power Administration, 114 Parkshore Drive, Folsom, CA 95630-4710, (916) 353-4418, e-mail: sanderso@wapa.gov; or

Ms. Autumn Wolfe, Rates Manager, Sierra Nevada Region, (916) 353-4686, e-mail: wolfe@wapa.gov.

SUPPLEMENTARY INFORMATION:

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to WAPA's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates, to FERC. In Delegation Order No. 00-002.00Q, effective November 1, 2018, the Secretary of Energy also delegated to the Under Secretary of Energy the authority to confirm, approve, and place into effect on an interim basis power and transmission rates for WAPA. By Redellegation Order 00-002.10D, effective June 4, 2019, the Under Secretary of Energy further delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity. This extension is issued in accordance with the Delegation Order and DOE's rate extension procedures at 10 CFR 903.23(a).¹

On July 14, 2016, FERC approved Rate Order No. WAPA-173: WAPA's rates for the Central Valley Project power, transmission, and ancillary service; and transmission service for California-Oregon Transmission Project, Pacific Alternating Current Intertie, and Third-Party Transmission.² FERC approved the rates for three years from October 1, 2016, through September 30, 2019. Under the approved formula rates, WAPA recalculates the charges and revenue requirements each year based on updated financial and operational data. The existing formula rates provide sufficient revenue to repay all annual expenses, including interest expense,

¹ 84 FR 5347 (Feb. 21, 2019).

² Order Confirming and Approving Rate Schedule on Final Basis, FERC Docket No. EF16-3-000, 156 FERC ¶ 62,039 (2016). FERC originally approved the rate on December 2, 2011. Order Confirming and Approving Rate Schedule on a Final Basis, FERC Docket No. EF11-9-000, 137 FERC ¶ 62,201 (2011).

and repay capital investments within the allowable periods; this ensures repayment within the cost recovery criteria set forth in DOE Order RA 6120.2. Given the pending expiration of these rates, WAPA proposed to extend them under Rate Order No. 185.³ The rate extension makes no change to the existing formula rates and extends the rates through September 30, 2024.

Following DOE's review of WAPA's proposal,⁴ I hereby confirm, approve, and place into effect Rate Order No. WAPA-185 on an interim basis. This extends, without adjustment, the existing rate schedules listed below, through September 30, 2024:

- CV-F13 (Base Resource and First Preference Power),
- CPP-2 (Custom Product Power),
- CV-T3 (Firm and Non-Firm Point-to-Point Transmission Service),
- CV-NWT5 (Network Integration Transmission Service),
- COTP-T3 (Firm and Non-Firm Point-to-Point Transmission Service),
- PACI-T3 (Firm and Non-Firm Point-to-Point Transmission Service),
- CV-TPT7 (Third-Party Transmission Service),
- CV-UUP1 (Unreserved Use Penalties),
- CV-RFS4 (Regulation and Frequency Response),
- CV-SPR4 (Spinning Reserves),
- CV-SUR4 (Supplemental Reserves),
- CV-EID4 (Energy Imbalance Service), and
- CV-GID1 (Generator Imbalance).

³ 80 FR 51556 (Aug. 25, 2015).

⁴ 83 FR 63857 (Dec. 12, 2018).

WAPA will submit Rate Order No. WAPA-185 and the extended rate schedules to FERC for confirmation and approval on a final basis.

Dated: June 21, 2019.

Bruce J. Walker,
Assistant Secretary.

**DEPARTMENT OF ENERGY
UNDER SECRETARY**

In the Matter of:)	
)	
Western Area Power Administration)	
Extension for the)	Rate Order No. WAPA-185
Central Valley Project, California-Oregon)	
Transmission Project, Pacific Alternating)	
Current Intertie, and Third-Party)	
Transmission Service Formula Rates)	

**ORDER CONFIRMING, APPROVING, AND PLACING THE FORMULA RATES FOR THE
CENTRAL VALLEY PROJECT, CALIFORNIA-OREGON TRANSMISSION PROJECT,
PACIFIC ALTERNATING CURRENT INTERTIE, AND THIRD-PARTY TRANSMISSION
SERVICE FORMULA RATES INTO EFFECT ON AN INTERIM BASIS**

This Rate Order extends formula rates. The extension is undertaken pursuant to section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152), which transferred to, and vested in, the Secretary of Energy the power marketing functions of the Secretary of the Interior and the Bureau of Reclamation under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)), and other acts that specifically apply to the project involved.

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Administrator of the Western Area Power Administration (WAPA); (2) the authority to confirm, approve, and place into effect such rates on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates, to the Federal Energy Regulatory Commission (FERC). By Delegation Order No. 00-002.00Q, effective November 1, 2018, the Secretary of Energy also delegated the authority to confirm,

approve, and place such rates into effect on an interim basis to the Under Secretary of Energy. By Redelelegation Order No. 00-002.10D, effective June 4, 2019, the Under Secretary of Energy further delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity. This Rate Order's extension is issued under the latter Delegation Order and DOE's rate extension procedures codified at 10 CFR 903.23(a).¹

BACKGROUND

On July 14, 2016, FERC confirmed, approved, and placed into effect Rate Order No. WAPA-173,² which extended the rates listed below for three years from October 1, 2016, through September 30, 2019:

- CV-F13 (Base Resource and First Preference Power),
- CPP-2 (Custom Product Power),
- CV-T3 (Firm and Non-Firm Point-to-Point Transmission Service),
- CV-NWT5 (Network Integration Transmission Service),
- COTP-T3 (Firm and Non-Firm Point-to-Point Transmission Service),
- PACI-T3 (Firm and Non-Firm Point-to-Point Transmission Service),
- CV-TPT7 (Third-Party Transmission Service),
- CV-UUP1 (Unreserved Use Penalties),
- CV-RFS4 (Regulation and Frequency Response),
- CV-SPR4 (Spinning Reserves),
- CV-SUR4 (Supplemental Reserves),

¹ 84 FR 5347 (Feb. 21, 2019).

² Order Confirming and Approving Rate Schedule on Final Basis, FERC Docket No. EF16-3-000, 156 FERC ¶ 62,039 (2016). FERC originally approved the rate on December 2, 2011. Order Confirming and Approving Rate Schedule on a Final Basis, FERC Docket No. EF11-9-000, 137 FERC ¶ 62,201 (2011).

- CV-EID4 (Energy Imbalance Service), and
- CV-GID1 (Generator Imbalance).

These rates apply to power, transmission, and ancillary services for the Central Valley Project, and transmission service for the Pacific AC Intertie, California-Oregon Transmission Project, and third party transmission. On December 12, 2018, pursuant to 10 CFR 903.23(a), WAPA filed a notice in the *Federal Register* proposing to extend, without adjustment, the above rates as Rate Order No. WAPA-185.³ WAPA determined it was not necessary to hold public information or public comment forums on the proposed formula rate extension, but provided a 30-day consultation and comment period. The consultation and comment period ended on January 11, 2019, and WAPA received no comments on the proposed formula rate extension.

DISCUSSION

The power, transmission, and ancillary service formula rates, approved under Rate Order No. WAPA-173, expire on September 30, 2019. WAPA recalculates the charges under the existing formula rate methodologies at least annually, which provides adequate revenue to recover annual expenses, including interest expense, and repay capital investments within allowable time. This ensures repayment within the cost recovery criteria set forth in DOE Order RA 6120.2.

Rate Order No. WAPA-185 extends, without adjustment, the existing formula rates listed above, through September 30, 2024, thereby continuing to ensure project repayment within the cost recovery criteria.

ORDER

³ 83 FR 63857 (Dec. 12, 2018).

In view of the above and under the authority delegated to me, I hereby confirm, approve, and place into effect, on an interim basis, Rate Order No. WAPA-185, which extends the existing power, transmission, and ancillary services formula rates: Rate Schedules CV-F13, CPP-2, CV-T3, CV-NWT5, COTP-T3, PACI-T3, CV-TPT7, CV-UUP1, CV-SPR4, CV-SUR4, CV-RFS4, CV-EID4, and CV-GID1, through September 30, 2024. The rates will remain in effect on an interim basis until: (1) FERC confirms and approves this extension on a final basis; (2) subsequent rates are confirmed and approved; or (3) such rates are superseded.

Dated: June 21, 2019

Bruce J. Walker
Assistant Secretary

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